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SUBJECT: SYRIAN MP DISCUSSES "SHARED" U.S.-SYRIAN GOALS FOR IRAQ

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Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

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Summary  
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11. (C) A veteran 14-year Syrian MP with diverse business holdings told us the primary obstacle to trade with Iraq is no longer insufficient security, but habitually delinquent Iraqi payments. The MP related a recent discussion with Syrian Ambassador to Baghdad Nawaf al-Fares, in which al-Fares claimed to have complained to President Asad about his lack of access to Iraqi PM Maliki and the generally cool reception with which he is met by all GOI officials. The MP expressed disappointment that Syrian-Iraqi economic relations had not progressed more smoothly following high-level GOI visits in 2007. On U.S.-Syrian relations, the MP posited that Syria and the U.S. had common desires for a stable, multi-confessional Iraq -- desires that stood in stark contrast to Iran's objectives. He suggested that Iraq might be an appropriate issue upon which to start building a better U.S.-Syrian relationship, but insisted that the U.S. must "make the first move." End summary.

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Visa Delay Prompts Rare Request for Meeting  
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12. (C) MP Hashem Akkad (strictly protect) requested a meeting with us to discuss his brother Samer's NIV status, which has been pending an SAO clearance since June 2008. The 14-year independent parliamentarian told us he had recently returned from nearly a year in France, where he had sought treatment for a rare form of cancer. Appearing thin and coughing frequently, Akkad discussed a range of topics including the business climate in Syria, his business interests in Iraq, the Syrian Ambassador to Iraq's recent visit to Damascus, and possible next steps in the U.S.-Syrian relationship.

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Trade with Iraq Tough, but Improving  
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13. (C) Akkad described his family business interests in Iraq, which include a contract to service a nationalized Iraqi oil field near Basrah, as difficult but improving. He claimed to have lost over 200 trucks full of building materials to hijackers over the past five years ) primarily on the road from the al-Tanf border crossing to Baghdad. Roadside bandits were less of a concern today than receiving payment,

he said. His Iraqi customers ) including the Iraqi government ) normally paid five months after he had delivered goods or services, and sometimes didn't pay at all. When asked if the late payment could be blamed on problems transferring money into Syria, he said no, that the Iraqi Bank for Trade and Finance in Baghdad had a branch in Beirut that was very reliable. He said the main problem was a culture of &blackmail8 that pervaded Iraqi commerce. Despite the payment problems, he expressed optimism that his reputation as one of Iraq,s most reliable suppliers would prove very lucrative in the years ahead as Iraq,s security situation improved.

¶4. (C) Regarding the business climate in Syria, Akkad smiled at the suggestion that recent &reforms8 were changing the economic landscape. He characterized the body of reform legislation as merely superficial changes that would not decrease corruption or negate the necessity of having politically influential business partners or patrons in order to succeed. (Note: Akkad,s family owns the Fiorella Pasta manufacturing plant, the Crush and Canada Dry bottling facility, and are partners in major restaurant and rental car ventures. End note.)

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Syrian Ambassador Doesn't Feel Welcome in Baghdad  
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¶5. (C) Akkad said that he had spoken with Syrian Ambassador to Iraq Nawaf al-Fares when the Ambassador had visited Damascus over the holidays. Fares had apparently complained to President Asad that he had only been granted one meeting with Iraqi PM Maliki since his arrival some four months ago, and that had been a brief, perfunctory meeting of no

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substance. According to Akkad, Fares was also unhappy with how coolly he had been received by GOI officials at all levels, and had asked Asad what he was supposed to be doing in Baghdad if the Iraqis were unwilling to work with him.

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Syria and Iran at Odds Over Iraq  
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¶6. (C) Akkad dismissed high-level Iraqi ministerial visits to Damascus in 2007, saying that the Iraqis had not fulfilled any of the promises made during those visits regarding greater economic cooperation. Pol/Econ Chief suggested that the Iraqis were equally disappointed that Syria had not kept its promise to stop the flow of foreign fighters entering Iraq from Syria and cooperate closely with the Iraqi government on security issues. Akkad protested that Syria had sent an ambassador to Iraq as a sign of its desire for better relations, but that Iraq had not reciprocated. Akkad claimed that Syria's policy towards Iraq had a similar goal as the U.S. -- for Iraq to become a stable, multi-confessional state and not an Iranian-dominated Shi,a state. He suggested that Iraq might prove the easiest foundation to start building a better U.S.-Syrian relationship, and that Syria,s differences with Iran over Iraq might offer the U.S. an opening.

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Pondering an Improved U.S.-Syrian Relationship  
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¶7. (C) Clearly enjoying the opportunity to talk politics with Emboffs, Akkad asked how the U.S.-Syria relationship might improve under the Obama administration. He posited that the Obama administration could start off on the right foot with Asad by de-listing Syria from the State Sponsors of Terrorism -- "as you did with Korea" -- and lifting economic sanctions against Syria. He revealed that he met SMI Chief Assef Shawqat on a weekly basis for coffee, and that Shawqat was upset about his designation to the OFAC list, even though he

had no assets in the U.S. financial system. He offered to pass to Shawqat any suggestions for how the relationship might improve.

18. (C) Akkad suggested that President-elect Obama could send a U.S. Ambassador to Damascus and in return, the Syrians might re-open DCS. Pol/Econ Chief countered that DCS and the construction of a new embassy were low-level issues that should be resolved before any new U.S. Ambassador could be sent to Syria, in order for a future ambassador to be able to work on items of greater importance. Akkad replied that confidence-building measures would be important, but insisted that it was the Americans who must make the first move. Pol/Econ Chief asked Akkad whether Syria was serious about improving relations and whether we could report to Washington that Syrian officials might be considering more Syrian cooperation on Iraqi security, less Syrian intervention in internal Lebanese affairs, and whether Syria would be ready to diminish reliance on relations with Iran and Hizballah in pursuit of a peace agreement with Israel. Akkad smiled and said it was positive to be exchanging frank views.

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Comment  
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19. (C) Akkad, once a close Embassy contact, has been out of circulation for nearly two years. His willingness to receive us contrasts starkly with the cold shoulder we have received from many of our regular contacts. Akkad's assertion that the U.S. must "make the first move" towards a better relationship with Syria reflects a commonly held position among politically-minded Syrians.  
CONNELLY